

111TH CONGRESS  
1ST SESSION

# S. 165

To amend the Truth in Lending Act, to prevent credit card issuers from taking unfair advantage of college students and their parents, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 7, 2009

Mr. KOHL (for himself and Mr. DURBIN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To amend the Truth in Lending Act, to prevent credit card issuers from taking unfair advantage of college students and their parents, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Student Credit Card  
5       Protection Act of 2009”.

1 **SEC. 2. ISSUANCE OF CREDIT CARDS TO CERTAIN COLLEGE**  
 2 **STUDENTS.**

3 Section 127 of the Truth in Lending Act (15 U.S.C.  
 4 1637) is amended by adding at the end the following new  
 5 subsection:

6 “(i) PROVISIONS APPLICABLE WITH REGARD TO THE  
 7 ISSUANCE OF CREDIT CARDS TO FULL-TIME, TRADI-  
 8 TIONAL-AGED COLLEGE STUDENTS.—

9 “(1) DEFINITIONS.—For purposes of this sec-  
 10 tion, the following definitions shall apply:

11 “(A) COLLEGE STUDENT CREDIT CARD AC-  
 12 COUNT DEFINED.—For purposes of this sub-  
 13 section, the term ‘college student credit card ac-  
 14 count’ means a credit card account under an  
 15 open end consumer credit plan established or  
 16 maintained for or on behalf of any college stu-  
 17 dent.

18 “(B) COLLEGE STUDENT.—The term ‘col-  
 19 lege student’ means an individual—

20 “(i) who is a full-time student attend-  
 21 ing an institution of higher education; and

22 “(ii) who has not yet attained the age  
 23 of 21.

24 “(C) INSTITUTION OF HIGHER EDU-  
 25 CATION.—The term ‘institution of higher edu-  
 26 cation’ has the same meaning as in section

1           101(a) of the Higher Education Act of 1965  
2           (20 U.S.C. 1001(a)).

3           “(2) MAXIMUM AMOUNT LIMITATION AS A PER-  
4           CENTAGE OF GROSS INCOME.—Unless a parent, legal  
5           guardian, or spouse of a college student assumes  
6           joint liability for debts incurred by the student in  
7           connection with a college student credit card ac-  
8           count—

9                   “(A) no creditor shall grant a college stu-  
10           dent a credit card account where the credit  
11           limit for that account exceeds, during a full cal-  
12           endar year, the greater of—

13                           “(i) 20 percent of the annual gross in-  
14                           come of the student; or

15                           “(ii) \$500; and

16                   “(B) no creditor shall grant a student a  
17           credit card account, if the credit limit for that  
18           credit card account, combined with the credit  
19           limits of any other credit card accounts held by  
20           the student, would exceed 30 percent of the an-  
21           nual gross income of the student in the most  
22           recently completed calendar year.

23           “(3) PARENTAL APPROVAL REQUIRED TO IN-  
24           CREASE CREDIT LINES FOR ACCOUNTS FOR WHICH  
25           PARENT IS JOINTLY LIABLE.—No increase may be

1       made in the amount of credit authorized to be ex-  
 2       tended under a college student credit card account  
 3       for which a parent, legal guardian, or spouse of the  
 4       consumer has assumed joint liability for debts in-  
 5       curred by the consumer in connection with the ac-  
 6       count, before the consumer attains the age of 21,  
 7       with respect to such consumer, unless the parent,  
 8       guardian, or spouse of the consumer, as applicable,  
 9       approves in writing, and assumes joint liability for,  
 10      such increase.

11           “(4) INCOME VERIFICATION.—For purposes of  
 12      this subsection, a creditor shall require adequate  
 13      proof of income, income history, and credit history,  
 14      subject to the rules of the Board, before any college  
 15      student credit card account may be opened by or on  
 16      behalf of a student.

17           “(5) PROHIBITION ON MORE THAN 1 CREDIT  
 18      CARD ACCOUNT FOR ANY COLLEGE STUDENT.—No  
 19      creditor may open a credit card account for, or issue  
 20      any credit card to, any college student who—

21                   “(A) has no verifiable annual gross income;  
 22                   and

23                   “(B) already maintains a credit card ac-  
 24                   count under an open end consumer credit plan  
 25                   with that creditor, or any affiliate thereof.

1           “(6) EXEMPTION AUTHORITY.—The Board  
2           may, by rule, provide for exemptions to the provi-  
3           sions of this subsection, as deemed necessary or ap-  
4           propriate by the Board, consistent with the purposes  
5           of this subsection.”.

6 **SEC. 3. REGULATIONS REQUIRED.**

7           Not later than 180 days after the date of enactment  
8           of this Act, the Board of Governors of the Federal Reserve  
9           System shall issue such rules as may be necessary to carry  
10          out section 127(i) of the Truth in Lending Act, as added  
11          by this Act.

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